



CNBC Fiscal Cliff Interview

On Tuesday December 11, 2012 I was interviewed on CNBC about the fiscal cliff. You can watch the interview below.

Drive Time Lincoln interview - December 3

On December 3rd I was on KLIN Drive Time Lincoln to talk about the fiscal cliff and my frustration with the lack of progress being made with the negotiations.

Hear interview [HERE](#) .

VIDEO: CNN - Anderson Cooper Interview November 30, 2012

□ On November 30, I was on Anderson Cooper's program on CNN to talk about the fiscal cliff.

VIDEO: Hardball interview November 29, 2012

On Thursday November 29, I was on Hardball with Chris Matthews to discuss the fiscal cliff.

‘Cliff’ Plans Exchanged; Reid Says Deal Unlikely Before Christmas!

Published: Tuesday, 11 Dec 2012 | 5:03 PM ET

By: CNBC.com with Wires

House Speaker John Boehner's office said Tuesday that Republicans have made a counterproposal in "fiscal cliff" talks with the White House. Word of the offer came after Senate Majority Leader Harry Reid said it will be hard to reach a deal before Christmas.

Officials said President Barack Obama and Boehner had exchanged at least partial proposals in the past two days, although details were sparse and evidence of significant progress scarcer still. Obama and Boehner spoke by phone Tuesday after exchanging proposals.

Earlier, Reid said Democrats aren't going to make an offer on spending cuts. "Until we hear something from Republicans, there's nothing to draft," Reid told reporters in the Capitol, referring to writing legislation to implement a deal.

"It's going to be extremely difficult to get it done before Christmas."

The Nevada Democrat made his comments after House Speaker John Boehner accused President Barack Obama of dragging his feet in "fiscal cliff" negotiations.

"Let's be honest. We're broke. The plan we offered is consistent with the president's call for a balanced approach," Boehner said. "We're still waiting for the White House to identify what spending cuts the president is willing to make as part of the balanced approach that he promised the American people. Where are the president's spending cuts?"

The stock market was taking Tuesday's developments in stride.

Rebutting Boehner moments after he made his comments, House Minority Leader Nancy Pelosi said Obama and Democrats have in fact identified spending cuts they can support as part of a balanced plan to avert a "fiscal cliff" that threatens to send the economy into another recession.

In remarks on the floor of the House, Pelosi said Republicans should permit a vote on Obama's plan to let tax cuts expire at upper incomes, while keeping them in place for the middle class. She predicted the legislation would pass.

"The irony of this is that the White House offer had very specific cuts, the GOP counteroffer had almost none," tweeted the president's communications director, Dan Pfeiffer. White House aides circulated a summary pointing to more than \$300 billion in proposed Medicare savings that are included in Obama's budget, as well as another \$250 billion in non-health benefit programs.

Rep. Chris Van Hollen, ranking member of the House Budget Committee, told CNBC that while there are still a number of hurdles to overcome, he believes there's a better than 50 percent chance an agreement will be reached by Dec. 31.

"The lines of communication are open, many of our Republican colleagues recognize the strategy they had been pursuing isn't working," the Maryland Democrat said. "And the president also has been very clear he's been willing to make some compromises and tough decisions to

reach an agreement."

The chiefs of more than a dozen major corporations, meanwhile, sent a letter to Obama urging both sides to compromise.

"We pledge our active support for a compromise that includes comprehensive and meaningful tax and entitlement reforms that result in market-credible spending reductions and revenue growth," the letter said. Signers included W. James McNerney Jr. of [Boeing](#) and John Engler of the Business Roundtable.

The day's events underscored the difficulty confronting the White House and congressional leaders as they struggle to avert across-the-board tax increases and spending cuts in government programs that are scheduled to take effect at the turn of the year. Economists say the combination could send the economy into recession.

"The longer the White House slow-walks this process the closer our economy gets to the fiscal cliff," said Boehner.

Earlier, Senate Republican leader Mitch McConnell was somewhat more critical.

"The president seems to think that if all he talks about are taxes, and that's all reporters write about, somehow the rest of us will magically forget that government spending is completely out of control and that he himself has been insisting on balance," he said on the Senate floor.

He highlighted several government programs as examples of what he said was wasteful spending.

"A few weeks ago, Senator (Tom) Coburn issued a study that showed taxpayers are funding Moroccan pottery classes, promoting shampoo and other beauty products for cats and dogs and a video game that allows them to relive prom night," McConnell said. "Get this: Taxpayers

also just spent \$325,000 on a robotic squirrel named RoboSquirrel."

The two sides have presented rival initial offers in the cliff negotiations.

Obama's plan would raise \$1.6 trillion in revenue over 10 years, in part by raising tax rates on incomes over \$200,000 for individuals and \$250,000 for couples. He has recommended \$400 billion in spending cuts over a decade.

He also is seeking extension of the Social Security payroll tax, cut due to expire on Jan. 1, a continuation in long-term unemployment benefits and steps to help hard-pressed homeowners and doctors who treat Medicare patients.

The White House summary noted that Obama last year signed legislation to cut more than \$1 trillion from government programs over a decade, and was proposing \$600 billion in additional savings from benefit programs.

It also noted that the health care law that he signed into law showed savings of \$100 billion. Much or all of that funding came from Medicare, even though Obama's aides insisted during his successful campaign for re-election that he had not made any cuts in it.

Boehner's plan, in addition to calling for \$800 billion in new revenue, envisions \$600 billion in savings over a decade from Medicare, Medicaid and other government health programs as well as \$300 billion from other benefit programs and another \$300 billion from other domestic programs.

It would trim annual increases in Social Security payments to beneficiaries, and it calls for gradually raising the eligibility age for Medicare from 65 to 67, beginning in a decade.

CNBC's Eamon Javers contributed to this story.

Original article [Here](#)

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Rob Portman: A Truly Balanced Approach to the Deficit

Raising taxes on the well-off would pay for nine days of spending.

By ROB PORTMAN

The dangers of the "fiscal cliff" are by now well known. Most agree that the year-end \$500 billion in tax increases and \$110 billion in arbitrary, across-the-board discretionary spending cuts, including defense, must be averted to avoid plunging the U.S. economy back into recession. But how the danger is averted is important. To keep from getting right back on another cliff, President Obama and Congress must address the underlying problems of excessive spending and weak economic growth.

Washington needs to pursue structural reforms in the country's important but unsustainable entitlement programs and in an inefficient, outdated tax code. By doing so, lawmakers can responsibly avoid the immediate cliff while addressing the long-term fiscal crisis and spurring job creation.

In January 2010, President Obama described the challenge well: "The major driver of our long-term liabilities . . . is Medicare and Medicaid and our health-care spending. Nothing [else] comes close."

The nonpartisan Congressional Budget Office agrees. According to the CBO, virtually 100% of the projected increase in budget deficits over the next 75 years comes from rising Social Security, Medicare, Medicaid and other mandatory spending.

The CBO projects that as the economy recovers, revenues will exceed the historical average of 18% of gross domestic product, even if all 2001 and 2003 tax cuts are extended. Federal spending, meanwhile, already exceeds its historical average of 20% of gross domestic product and is projected to rise to 40% within three decades. Much of this dramatic increase in spending will be the result of adding 77 million baby boomers to a Medicare system that, for the typical retiree, provides benefits of \$3 for every \$1 paid into the system.

Taxes cannot be raised high enough to chase the enormous spending growth projected—the math simply does not work. That is why House and Senate Republicans last year voted for a budget to begin reining in entitlements and closing the deficit.

President Obama's plan to deal with the fiscal cliff includes raising taxes on individuals and small businesses that make over \$200,000 or, jointly, \$250,000 a year. He has argued that we should repeal the 2001 and 2003 upper-income tax cuts because they are to blame for much of the increase in the deficit since 2001.

There is a continuing debate over whether and how to raise taxes on small businesses that pay their taxes as individuals and on those individuals earning more than \$200,000.

However, CBO and Tax Policy Center data together show that only 4% of the \$12 trillion swing from projected surpluses to actual deficits from 2002 through 2011 resulted from the upper-income tax cuts. Two recessions and soaring government spending were the main factors.

Ending all the upper-income tax cuts would pay for just nine days of annual spending. Social Security and health entitlements will cost 27 times more than the revenue from ending those tax cuts over the next decade.

Still, negotiations require give and take, so Republicans have put revenues on the table. For instance, during the fall 2011 bipartisan super committee negotiations, Republicans (using the general Bowles-Simpson model of \$3 in spending cuts for every \$1 in new revenue) offered \$250 billion in new revenues with pro-growth tax reform and entitlement savings. That summer, House Speaker John Boehner offered new tax-reform revenues in return for serious entitlement reforms, and he has continued to look for ways to forge bipartisan consensus. Democrats, however, have rejected all offers and demanded \$1 trillion or more in tax increases without a commitment to structural entitlement reform and tax reform.

President Obama has called for a "balanced" solution of tax increases and entitlement reforms. Yet at this point he is essentially re-offering his budget from last February—a proposed \$1.6 trillion in tax increases and virtually zero net spending savings. The CBO says the president's budget actually increases spending by \$1 trillion over the decade, as its modest entitlement savings would be overwhelmed by new spending. Higher taxes for more spending isn't the kind

of balance that Americans expect.

It should surprise no one that this unbalanced approach in the president's budget was rejected 99-0 in the Senate in May and 414-0 in the House in March.

Tweaking Medicare and Medicaid eligibility rules, benefits and payment rates may save some money in the short run, but it won't sufficiently slow the long-term growth of these programs caused by their outdated design. Reforms should not merely squeeze health beneficiaries or providers but should rather reshape key aspects of these programs to make them more efficient, flexible and consumer-oriented.

Especially in this weak recovery, the president's demands for new tax revenues must be met in the most pro-growth way possible. Instead of merely piling higher tax rates on top of our inefficient tax code, the president should agree to join with Congress in pursuing individual and corporate tax reform, including eliminating outdated preferences that often benefit the well-connected. A simpler, fairer tax code for everyone will also increase productivity, thus creating badly needed jobs and economic opportunity.

Avoiding the immediate fiscal cliff is critical to avert a recession and more job loss, but let's also take the opportunity to address the underlying problems causing our steep deficits. President Obama has said he is for tax reform and promises not to "kick the can down the road" on entitlements. Republicans are eager to work with him on both. By working together, both parties can spare America's children from a national debt that now tops \$130,000 per household—and do it in a way that helps bring back jobs.

Mr. Portman, a Republican, is a senator from Ohio and a former director of the Office of Management and Budget.

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See Original Article [Here](#).

